

# **Vehicles and Equipment**

## **Peak District National Park Authority**

### **Internal Audit Report 2018/19**

Responsible Officer: Strategic Leadership Team  
Service Manager: Sarah Wilks [Head of Outreach Development] / Emma Stone [Head of Visitor Experience Development]  
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	P1	P2	P3
<b>Actions</b>	<b>0</b>	<b>2</b>	<b>1</b>
<b>Overall Audit Opinion</b>	Reasonable Assurance		

# Summary and Overall Conclusions

## Introduction

The Peak District National Park Authority (PDNPA) maintains a fleet of thirty six vehicles, including vehicles for use around the park by rangers and pool cars for staff members travelling on PDNPA business. Previously vehicles had been allocated to individuals who had been allowed to take them home overnight and travel directly to work. This policy has recently been changed and all vehicles should now be stored overnight at the Authority's premises and only used by staff while carrying out work duties.

The authority also has a number of other heavy duty vehicles for maintenance of the park, trailers and items of operational equipment such as chainsaws, angle grinders, mowers and strimmers. The operational availability of vehicles and equipment should be monitored by the use of vehicle and inventory management systems whilst regular, planned maintenance ensures that they are fit for purpose and safe for staff use.

Appropriate security arrangements are required to prevent theft or misappropriation of assets and monitoring of fuel and maintenance expenses ensures that the organisation can judge whether it is more cost effective to retain or dispose of a vehicle or piece of equipment.

In January 2019 a report was taken to Audit, Resources and Performance Committee to seek approval for the replacement of 23 obsolete vehicles to be delegated to Officers. The proposed cost of these replacements was £450,000.

## Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- Vehicles and Equipment are maintained to acceptable standards.
- Vehicles and equipment are subject to appropriate security and storage
- Operational vehicles are only used for work purposes.
- Fuel and servicing costs are effectively managed and monitored.

The audit did not cover vehicle related tax or the insurance of vehicles and equipment.

## Key Findings

Policies, procedures and guidance are available and communicated to employees on the standards and expectations when using the authority's vehicles. Vehicle maintenance and servicing is provided by Derbyshire County Council (DCC) and vehicles are maintained to a reasonable standard.

The arrangement with DCC is a long standing one and works well. However, the Authority places significant reliance on DCC keeping records of vehicle maintenance and identifying when services or MOTs are due. PDNPA does not have its own records that could be used to identify if any required maintenance had been missed nor does it receive formal assurance from DCC to confirm that MOT's services etc. have been carried out as required. In addition, although the rates and services to be provided by DCC are agreed each year there is no formal contract management process and a copy of the contract with DCC could not be provided at the time of the audit.

Maintenance arrangements and record keeping for specialist vehicles (that are not part of the arrangement with DCC) and other operational equipment seem inconsistent and there is a lack of formal records of maintenance being planned and undertaken. An action to address this has been agreed in the January 2017 internal audit report and some managers did state that this was being developed but this did not seem to have been adequately addressed.

From the discussions that were held with responsible officers no concerns were raised regarding the security of sites where vehicles and equipment are stored. An inventory is maintained and enables a sufficient level of detail to be recorded for items held. Regular checks are undertaken on inventory items and this process is robust.

Log sheets are used to record vehicle use and these are signed off by drivers and managers to confirm the journeys recorded were for work purposes. This control is working reasonably well but there are some improvements that could be made. Some log sheets were missing and/or had not been returned promptly. All weekly log sheets tested had been signed off by the driver but they had not always been signed off by a manager or had not been signed off promptly.

Fuel cards are used to manage and monitor fuel costs. Vehicles have assigned cards and testing showed that the assigned fuel card had been used to fill up the correct vehicle. There are some generic fuel cards used for vehicles that don't belong to the Authority (e.g. hire cars) and other specialist, non-road, vehicles. These are well controlled and constituted a small proportion of the total fuel use, which seems appropriate. On occasions a fuel card assigned to on different vehicle is used to fuel a plant vehicle. This is picked up by the finance officers when checking fuel card invoices before payment and reminders given to officers about proper use of fuel cards. Testing showed this is not a significant issue.

Fuel costs, vehicle mileage and fuel efficiency (mpg) is analysed on an annual basis and further analysis or enquiries made regarding any unusual costs, mileage or efficiency. This analysis appears reasonable and proportionate and no concerns were found regarding mileage, fuel costs or fuel efficiency. Vehicles are set up with their own cost centres so repairs, maintenance and other costs (e.g. insurance) can easily be monitored through these codes and the budget monitoring system.

## **Overall Conclusions**

The arrangements for managing risk were satisfactory with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

## 1 Derbyshire County Council (DCC) vehicle maintenance contract and records

### Issue/Control Weakness

Vehicle maintenance and MOT records not held by the Authority and no formal monitoring of the service being provided by DCC.

### Risk

If services were not provided by DCC the Authority may not identify this promptly, leading to poor maintenance of vehicles or MOTs not being valid

### Findings

The Authority do not maintain any consolidated records of when vehicles last received maintenance checks from DCC or when MOTs are due. The Authority places reliance on DCCs record keeping and on them contacting the Authority when servicing or MOTs are due. Although this has proved reliable historically the Authority should still maintain their own records, or obtain formal periodic assurance from DCC to confirm key activities have been carried out appropriately.

The day to day service provided by DCC is monitored but there is no formal contract management process. An annual schedule of rates and services to be provided is provided but a copy of the contract with DCC could not be provided at the time of the audit. It could not be confirmed whether the arrangement is operating with or without a contract and this could potentially in breach of contract procedure rules.

### Agreed Action 1.1

The contract is a rolling contract and includes use of DCC's fleet management system to ensure servicing records are maintained and controlled to proper standards as the Authority does not have the resource to provide this, and that is one of the advantages of this relationship. However, we will seek to improve this liaison as per the recommendation.

#### Priority

2

#### Responsible Officer

Head of Finance

#### Timescale

31<sup>st</sup> March 2020

## 2 Maintenance of specialist vehicles and operational equipment

Issue/Control Weakness	Risk
Specialist vehicle and equipment maintenance arrangements are inconsistent. Maintenance schedules and records of servicing are not always retained.	Equipment is not maintained to required levels leading to degradation of the asset, which could result in additional costs and, more seriously, could result in injury to employees.

### Findings

The Authority needs to ensure that maintenance records are held for all specialist vehicles that are not part of the contract with DCC. Similarly, some operational equipment will require regular maintenance to prolong its useful life and, especially, to ensure that it remains safe to use.

The maintenance of the special fleet and other operational equipment is not corporately controlled. Staff members assigned with the responsibility of maintaining specialist vehicles and equipment and are expected to make their own servicing arrangements.

Financial data for a sample of specialist vehicles was reviewed. For half of the vehicles sampled there was no evidence of any servicing having been completed within the preceding 12 months. The Health and Safety Executive's website (HSE) recommends that agricultural vehicles are serviced according to the manufacturer's guidance, usually occurring at intervals determined by the hours of use or the period elapsed since the previous servicing. Without a formal schedule of required testing it is not possible to confirm whether servicing has been completed with sufficient frequency.

Responsibility for servicing and maintenance of other operational equipment (e.g. chainsaws) is delegated down to those who use them, and officers receive training that covers their responsibility to maintain the equipment. However, there should be a process by which management receive assurance that the required maintenance has been done. No formal system or schedule is in place to provide this assurance.

### Agreed Action 2.1

Agreed – improvements will be made in the systems & schedules.

Priority	2
Responsible Officer	Heads of Service
Timescale	30 <sup>th</sup> September 2019

### 3 Vehicle Log Sheets

Issue/Control Weakness	Risk
Missing or late log sheets and not signed to confirm they have been checked by a manager or log sheets are signed too late to operate as an effective control.	Vehicles could be misused or use not accounted for and monitored by managers without prompt and full completion of log sheets.

#### Findings

Weekly log sheets should be completed by each driver to record all journeys undertaken in an Authority vehicle, recording the date and details of the journey and the start and end mileage. These log sheets should be signed off by a manager and returned to the Customer and Business Support Team for filing.

A sample of vehicles were chosen and log sheets for 2018-19 (up to January 2019) reviewed. For each day, the required journey details were completed in all instances, including start and end odometer readings, which showed no gaps in mileage.

Whilst the quality of completion of the log sheets was good, it was found that there were some missing log sheets for one vehicle and also that for 2 vehicles there were no log sheets held on file for the previous month or two. These were chased with the manager(s) at the time of the audit and it was suggested they had probably been left in the vehicle.

All weekly log sheets tested had been signed off by the driver. However, for one of the vehicles none of the log sheets had been signed off by the manager and for another vehicle the weekly log sheets had not been signed off until 2 months after they had been completed.

#### Agreed Action 3.1

The logsheets are very important to demonstrate appropriate vehicle use and reminders will be issued that proper completion and authorisation is necessary.

Priority	3
Responsible Officer	Head of Finance
Timescale	31 <sup>st</sup> July 2019

# Audit Opinions and Priorities for Actions

## Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

## Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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